

Ottawa proposes hike for carbon tax; \$15B plan will try to cut emissions to at least 31% below 2005 levels

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After years of political acrimony over its hallmark climate policy, the federal Liberal government is betting big on carbon pricing and plans to hike the national levy on greenhouse gas emissions to more than five times its current level.

The proposal to increase the carbon price to \$170 per tonne by 2030 lies at the heart of the \$15-billion climate plan that Prime Minister Justin Trudeau released Friday. It projects Canada can overcome a persistent shortfall and surpass its emissions target for 2030 under the international Paris Agreement.

But the proposal hinges on a looming Supreme Court decision over whether Ottawa has the power to impose its carbon price on the provinces and territories. It would also require those with their own pricing systems to match Ottawa's newly declared ambition or risk having the federal tax-and-rebate system imposed on them.

Premier Doug Ford said he was "floored" by the news Ottawa intended to crank up the carbon price. Already one of the premiers most staunchly opposed to the policy, Ford said the move will increase costs for individuals and businesses.

"I've never, ever, ever been more disappointed in an announcement ever since I've been in politics," he said. "This, I just cannot understand for the life of me."

Trudeau said it is "unfortunate" that some provinces oppose carbon pricing. He said his government will "stay focused" on its plan, which he noted will also include increasing rebates for people in jurisdictions where the federal carbon price is in place.

"There are some in this country that still want to make pollution free again. We're not going to do that," Trudeau said. "We know that Canadians understand that we need to put a price on pollution."

The national minimum carbon price was already scheduled to increase by \$10 a year until 2022, when it would hit \$50 per tonne of greenhouse gas emissions. One tonne is roughly the equivalent of what a car would produce driving from Vancouver to Toronto.

Under the new plan, the price would keep increasing at a more aggressive pace of \$15 per year until it hits \$170 per tonne in 2030. The accompanying rebates from carbon price revenues would also go up and, starting in 2022, would be sent directly to households in four instalments each year instead of one.

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In Ontario, a household with a family of four would get rebates worth \$1,259 in 2025 and \$2,018 in 2030, the plan says. At the same time, the cost of gasoline is projected to go up by 27.6 cents per litre between 2022 and 2030.

In an interview Friday, Environment Minister Jonathan Wilkinson said he is confident the Supreme Court will rule in Ottawa's favour. But even if it doesn't, he said the government believes it has "other options" to ensure there is a baseline carbon price across the country.

"The vast majority of Canadians are in favour of a price on pollution," he said, referring to voters who supported parties promising carbon pricing during the 2019 election.

"I think part of that is the way we've implemented it - it addresses affordability concerns. The majority of Canadians get more money back than they pay."

During the last election, Trudeau pledged Canada would exceed the 2030 target set by the previous Conservative government, which was to slash emissions to 30 per cent below 2005 levels by that year.

According to projections from Environment and Climate Change Canada, the new plan will put the country on pace to slash emissions to at least 31 per cent below 2005 levels by 2030, but provides a range for potential cuts of up to 40 per cent.

Its previous estimates showed the country was on track to reduce emissions by just 19 per cent below 2005 levels.

Alongside the carbon price increase, the new plan includes a range of measures to exceed Canada's 2030 target.

It promises \$3 billion to help heavy industries like steel and oil producers slash their emissions. There is \$1.5 billion in grants for renewable energy projects for sources like biofuel and hydrogen. It earmarks \$964 million over four years to expand clean electricity grids and improve power storage, as well as \$300 million to help remote areas - such as Indigenous communities - get off heavy-emitting diesel power.

The plan has money to make buildings more energy efficient, including \$2.6 billion over seven years to deliver grants for residential home retrofits, \$1.5 billion for "community" buildings like arenas and not-for-profit centres, and \$2 billion for the Canada Infrastructure Bank to finance retrofits of commercial buildings.

Ottawa says it will spend another \$287 million on \$5,000 rebates for people who buy zero-emission vehicles, as well as \$150 million to build more charging stations for electric cars. And the plan includes previous announcements to plant 2 billion trees and protect wetlands that suck carbon out of the atmosphere.

The plan also includes one area in which the federal government plans to ease regulations, by cancelling part of the incoming "clean fuel standard" that would have applied to gaseous fossil fuels used in Canada. Wilkinson said the regulation was proving complicated to implement, and said it became clear the lost emissions reductions from cancelling it would be outweighed by the increasing carbon price.

Environmental experts and activists applauded the plan, with Greenpeace describing the carbon price increase as a "bold move" that is part of a "serious and well-thought out" climate plan.

Michael Bernstein, executive director of Clean Prosperity, told the Star the plan will put Canada among the world's leading jurisdictions for carbon pricing and predicted the announced increase could slash emissions beyond the government's estimate because of Environment Canada's conservative modelling.

"This gives us a truly credible and smart pathway to meet our climate objectives," he said.

Opposition parties were less enthusiastic. The Conservatives said in a statement that Ottawa should let provinces decide how they take climate action, whether through their own pricing systems or regulations.

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Green Leader Annamie Paul questioned why the more aggressive rate of increase for the carbon price has to wait until 2023, and called on the Liberals to craft a "carbon budget" that would clearly limit how much Canada can emit so that it is more likely to achieve its climate target - something this country has never done before.

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